

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION  
SERVICE CHANGES, 2011

Docket No. N2012-1

**PARTIAL INSTITUTIONAL RESPONSE  
OF THE UNITED STATES POSTAL SERVICE TO  
QUESTION 22 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

The United States Postal Service hereby files the following partial institutional response to Question 22 submitted as part of Presiding Officer's Information Request No. 1, dated December 29, 2011.

Question 22 identifies 12 different spreadsheets among various Library References and seeks further explanation and/or documentation, including the following two spreadsheets in USPS Library Reference N2012-1/31 that had been withdrawn. See United States Postal Service Notice Regarding Filing of Corrected USPS Library Reference N2012-1/31 (December 6, 2011):

Study Sites minus non MP Sq Ft MASTER REV 1.xlsx

Summary of maintenance labor and other Savings Nov 24th.xlsm

As those spreadsheets were withdrawn and do not serve as a basis for testimony in this proceeding, it is assumed that the POIR does not seek further documentation.

The remainder of the responses to Questions 22 and 8 are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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22. Please refer to the specified spreadsheets within the following library references.

<b>Library Reference</b>	<b>Spreadsheet</b>
USPS-LR-N2012-1/10	FY2010_EOR_RunDownIdleTime Lib Ref.xls
USPS-LR-N2012-1/10	Outgoing Secondary Workload Library Reference.xls
USPS-LR-N2012-1/11	Air Transportation Volume Diversion Data.xls
USPS-LR-N2012-1/11	Plant to Post Office - Operating Miles Reductions.xls
USPS-LR-N2012-1/20	Night Diff Calcs.By LDC.xls
USPS-LR-N2012-1/23	LR23 Tables.xls
USPS-LR-N2012-1/24	Smith Testimony Attachments.xls
USPS-LR-N2012-1/24	Smith Testimony Tables.xls
USPS-LR-N2012-1/31	eMARS_WHEP_Staffing Changes Final_AM_v5.xlsx
USPS-LR-N2012-1/31	Study Sites minus non MP Sq Ft MASTER REV 1.xlsx
USPS-LR-N2012-1/31	Summary of maintenance labor and other Savings Nov 24th.xlsm
USPS-LR-N2012-1/33	Copy of FY11_Parts_Network Consolidation Analysis.xls

For each spreadsheet, please provide:

- a. a description of input and output data files;
- b. definitions of all input and output variables or sets of variables;
- c. all sources of input data, and explanations of any modifications to such data made for use in the program; and
- d. the input data and any programs necessary to replicate the output data.

**RESPONSE:**

The response for each library reference and spreadsheet listed above is provided separately, in the same order as listed above.

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USPS-LR-N2012-1/10	FY2010_EOR_RunDownIdleTime Lib Ref.xls
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a. The file, FY2010\_EOR\_RunDownIdleTime.xls, was created by extracting raw Fiscal Year 2010 End of Run (EOR) Data for all EOR facilities (see list in column B), for all equipment at these sites, for all runs. The EOR data for FY 2010 has millions of runs containing for each the information described in part b, and also much volume data for the run, including totals and by bin/stacker. EOR data for FY 2011 was also summarized in this same way, with a further breakdown by equipment type and day of week in USPS-LR-N2012-1/44. All operation numbers were included with the exception of operation number 750. 750 was excluded because it represents maintenance runs, not mail sorting runs. It was output in a bar delimited flat file. This bar delimited file was read in to MS Excel for analysis.

The output file is FY2010\_EOR\_RunDownIdleTime.xls. Cells A3 through F895 is the raw EOR data. In cell D2, E2, and F2 are the column totals of Run-Time, Down-time, and Idle time respectively.

Cell G2 creates a percent of idle time, by dividing the Idle time by the sum of Idle-time, run-time, and down-time.

The table in cells I4 through M14 includes additional sensitivities for idle time based on percentiles. This analysis is not utilized.

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**b. Data Description:**

Site ID: A Unique ID for each End of Run Site

EOR Name: End of Run Site Name

9-Digit ZIP Code: The 9-Digit ZIP Code of the End of Run Site.

Run-Time: the machine belts are turning during an operational run.

Down-Time: Machine is unavailable during an operational run due to maintenance event

Idle Time: During an operational run, a machine is not running, but is available to do so.

Percent Idle time (cell G3)= (Idle-Time)/(Run Time + down Time + idle time)

c. Data is extracted directly from End of Run data base. In the SQL query, run-

time, down-time, and idle-time are

summed for Fiscal Year 2010 by end of run site for all operation except 750

(maintenance runs).

**d. SQL used:**

```
select eor.site_id as siteid, substr(pf.site_name,1,32) as sitename,pf.zip_code_id
as faczip,
    round(sum(ad.run_time)/3600,2) as runtime,
    round(sum(ad.down_time)/3600,2) as downtime,
    round(sum(ad.idle_time)/3600,2) as idletime
from application_data ad, end_of_run eor, postal_facility pf, machine
m,machine_type mt
where ad.run_sequence_nbr=eor.run_sequence_nbr
    and pf.site_id=eor.site_id
    and eor.mods_date>='01-oct-09'
    and eor.mods_date<'01-oct-10'
    and eor.machine_id=m.machine_id
    and m.mach_type_code=mt.mach_type_code
    and ad.run_time>0
    and (trunc(ad.mail_operation_nbr/1000) not in ('750'))
group by eor.site_id,substr(pf.site_name,1,32),pf.zip_code_id
order by eor.site_id
;
```

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USPS-LR-N2012-1/10	Outgoing Secondary Workload Library Reference.xls
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Note: A spreadsheet called Outgoing Secondary Workload Library Reference.xls, initially filed in USPS-LR-N2012-1/10, was withdrawn. It was replaced with a non-public version USPS-LR-N2012-1/NP5 and a public version USPS-LR-N2012-1/38. This response will address both of these versions. This spreadsheet supports witness Neri's testimony, USPS-T-4 at pages 17-18 and also supports witness Smith's testimony, USPS-T-9 at pages 22-23 and USPS-LR-N2012-1/23, spreadsheet LR23Tables.xls, tab Section One.

Background

Letters: The conclusion that outgoing secondary (OGS) for automated letters will no longer be required in the proposed network is supported as follows. With 127 destination SCFs, all automated letters will be finalized on the outgoing primary (OGP) because each letter sorter has enough bins (approximately 220) to accommodate all destination SCFs. Therefore, all piece handlings recorded in the Management Organization Data System (MODS) that correspond to automated outgoing secondary processes will be eliminated.

Flats: The Outgoing Secondary for automated flats will still be required in the proposed network but its magnitude, in terms of piece handlings, will be reduced. With 127 destination SCFs, most automated flats will be finalized on the outgoing primary because each flat sorter has enough bins (approx 100) to accommodate the heavy volume SCFs. Therefore, a significant reduction of piece handlings

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recorded in the Management Organization Data System (MODS) that correspond to automated outgoing secondary processes will be eliminated.

For the purposes of this library reference, 75 bins were used as a conservative approximation of the number of flat sorter bins that could be used to finalize on the outgoing primary. In other words, it is assumed that only 75 bins would be used for receiving the 75 highest volume destination plants, and the rest of the volume would be assumed to require an outgoing secondary sort. Since outgoing secondary MODS data is not available by destination, Origin Destination Information System (ODIS) data was used to calculate a distribution of volume that could be finalized on the outgoing primary. ODIS volume was aggregated at the Origin Processing Distribution Center (OPDC) to Destination Processing Distribution Center (DPDC) for the proposed network. For each origin, the 75 highest volume DPDCs were assumed to be finalized on the outgoing primary, with the remainder of the volume worked on an outgoing secondary process.

The spreadsheet Outgoing Secondary Workload L R (NP).xls in USPS-LR-N2012-1/NP5 has the five tabs listed below, while the spreadsheet Outgoing Secondary Workload L R public version.xls in USPS-LR-N2012-1/38 only contains the first three tabs.

Summary  
OPN Used  
OPDC-INP SUMMARY  
OPDC-INP  
PLANT \_MAPPING

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### **Summary**

a.-d. FY2010 -MODS Average Daily Workload from USPS-LR-N2012-1/48 for the operations listed on tab OPN Used. This is the FY2010 (or current) average daily pieces handled on automated outgoing secondary operations. Proposed Average Daily Workload Network Rationalization is determined on tab OPDC-INP SUMMARY. Workload Difference is the difference, and potential workload savings, between current and proposed workload. This tab provides the information reported in witness Neri, USPS-T-4, page 18 and also used in USPS-LR-N2012-1/23, tab Section One (to support witness Smith's Table 8.).

### **OPN Used**

a.-d. For both Letters and flats, the automated MODS outgoing secondary operation numbers and description used for this analysis are listed.

### **OPDC-INP SUMMARY**

a.-d. Provides for each proposed OPDC the percentage of OGP volumes requiring an OGS and the OGS volumes, given the FY2010 OGP volumes. The latter is summed to obtain the total OGS volumes under the proposed network. The percentage of OGP volumes requiring a OGS (for a given proposed OPDC) is just the percentage of mail remaining after accounting for the volumes associated with the 75 highest volume DPDCs.

#### **Key Parameters and Summary Results:**

AFSM 100 OGP Only Bins - the number of flat sorter machine bins that can be used for sorting to destination plants (DPDCs) -- assumed to be 75.

NETWORK FLAT OGP ADV - outgoing primary MODS average daily volume (sum of MODS-OGP for all OPDCs).

NETWORK FLAT OGS ADV - outgoing primary MODS average daily volume (sum of MODS-OGS for all OPDCs).



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OGS/OGP % - the percentage of outgoing primary volume that gets run on the outgoing secondary.

NEW OGS ADV/CURRENT OGS ADV % - ratio of the proposed OGS ADV to the current OGS ADV

**Data Description:**

OPDC\_NASS - NASS code of the proposed origin processing facility

OPDC - Name of the proposed origin processing facility

ODIS-OGP - ODIS volume finalized on the OGP (75 highest volume destinations) from tab OPDC INP, data output ADV\_FCM\_F\_CUMUL

ODIS-OGS - ODIS Total less ODIS-OGP

ODIS-Total - total origin facility ODIS volume from OPDC INP, data input ADV\_FCM\_F.

ODIS-OGP % - ODIS percentage finalized on the OGP - ODIS-OGP/ODIS-Total

ODIS-OGS % - ODIS percentage finalized on the OGS - ODIS-OGS/ODIS-Total

MODS-OGP - MODS average daily outgoing primary volume for each proposed OPDC summed from PLANT\_MAPPING, data input F-OGP

MODS-OGS - MODS average daily outgoing secondary volume - ODIS-OGS% x MODS-OGP

**OPDC-INP**

a.-d. Contains OPDC to DPDC ODIS FCM flats volume for the proposed network. The ODIS ADV (ADV\_FCM\_F) is obtained for each OPDC-DPDC pair by summing all ODIS OZIP3-DZIP3 pairs in which the OZIP3 is serviced by the OPDC and the DZIP3 is serviced by the DPDC and for which the shape is identified as a flat from USPS-LR-N2012-1/11. Data is sorted by OPDC and descending ADV\_FCM\_F so that all DPDCS can be ranked. From this sheet the ODIS volumes and volume share associated with the OGP 75 highest volume DPDCs for each OPDC is determined.

**Data Description.**

OPDC\_NASS - NASS code of the proposed origin processing facility

OPDC - Name of the proposed origin processing facility

DPDC\_NASS - NASS code of the proposed destination processing facility

DPDC - Name of the proposed destination processing facility

ADV\_FCM\_F - ODIS average daily FCM flat volume from the proposed OPDC to the proposed DPDC

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ADV\_FCM\_F\_RANK - BY OPDC, the ranking of the highest (1) to the lowest volume DPDC

ADV\_FCM\_F\_CUMUL - cumulative volume by OPDC and ranking

**PLANT \_MAPPING**

a.-d. Provides both OGP and OGS auto/mech volume for proposed OPDCs.

MODS volumes (from USPS-LR-N2012-1/48) for OGP and OGS are split by 3-digit zip based on USPS-LR-N2012-1/11. These 3-digit zips are then ordered or mapped into both the current and proposed OPDC based on USPS-LR-N2012-1/17.

**Data Description:**

OZIP3 - origin 3-digit ZIP Code

C\_OPDC - Name of the current origin processing facility

C\_OPDC\_CODE - NASS code of the current origin processing facility

C\_OPDC\_ZIP5 - ZIP Code of the current origin processing facility

C\_OPDC\_TZ - Time Zone of the current origin processing facility

OPDC - Name of the proposed origin processing facility

OPDC\_CODE - NASS code of the proposed origin processing facility

OPDC\_ZIP5 - ZIP Code of the proposed origin processing facility

OPDC\_TZ - Time Zone of the proposed origin processing facility

F-OGP - is the flats outgoing primary volume (MODS) for AFSM 100 and UFSM 1000 for the applicable OZIP3

F-OGS - is the flats outgoing secondary volume (MODS) for AFSM 100 and UFSM 1000 for the applicable OZIP3.

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USPS-LR-N2012-1/11	Air Transportation Volume Diversion Data.xls
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USPS-LR-N2012-1/11 has one spreadsheet: Transportation Spreadsheets LR.xls This Excel workbook contains the following spreadsheets:

1. Plant to Plant Transportation Summary
2. Plant to Plant Trips
3. Plant to Post Office - Operating Miles Reductions
4. Air Transportation Volume Diversion Summary
5. Air Transportation Volume Diversion Data

Below we provide the requested information for the 3<sup>rd</sup> and 5<sup>th</sup> sheets listed above.

Air Transportation Volume Diversion Data sheet

This response relies on witness Martin's response to POIR No. 1, question 13.

(a) - (d)

<b>Input data files:</b>	<b>Description</b> :	<b>Source and Modifications:</b>
Service Standards Matrix for Quarter 1 of FY2011	This matrix contains 850,950 pairs of the following data: Origin Three-Digit ZIP Code (OZIP3), Destination Three-Digit ZIP Code (DZIP3), and the current FCM service standard for each O/D ZIP Code pair.	. USPS-LR-N2012-1/62
Current FCM Modes (USPS-LR-N2012-1/25 and USPS-LR-N2012-1/NP7)	This file contains the following information	Was mapped to the service standards matrix using the SAS code contained in the file "Attach.Resp. POIR1.Q13." This SAS code file has been filed under

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	for the current transportation network: Origin 3-digit ZIP Codes, Destination 3-digit ZIP Codes, and current FCM transportation mode (A = Air, S = Surface).	library reference USPS-LR-N2012-1/60.
FY2010 FCM ADV (USPS-LR-N2012-1/NP7)	This file contains the following information for FY2010: OZIP3, DZIP3, and average daily volume (ADV) for FCM.	Origin Destination Information System (ODIS). It is modified using same program or mapped to the service standards matrix using the SAS code contained in the file "Attach.Resp. POIR1.Q13." This SAS code file has been filed under library reference USPS-LR-N2012-1/60.
17_ZipAssignment_Locallnsight spreadsheet	Contains proposed outgoing and incoming facilities for the O/D ZIP Codes and information that links the proposed facilities to ZIP Codes.	library reference USPS-LR-N2012-1/17 (spreadsheet titled "17_ZipAssignment_Locallnsight").

<b>Output data files:</b>	<b>Description:</b>	<b>Input Data and Any Programs Necessary to Replicate Output:</b>
Proposed L201 to SCF Drive Time (USPS-LR-N2012-1/25 and	Proposed facility-to-facility distance information.	ZipAssignment_Locallnsight spreadsheet. PC Miler batchpro version 20.1 was used for road mileage.

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USPS-LR-N2012-NP7)		
Proposed FCM Modes (USPS-LR-N2012-1/25 and USPS-LR-N2012-1/NP7)	Contains the new service standard and transportation mode for each O/D pair.	See witness Martin's response to POIR No. 1, question 13.

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USPS-LR-N2012-1/11	Plant to Post Office - Operating Miles Reductions.xls
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Plant to Post Office - Operating Miles Reductions sheet

This response relies on witness Martin's response to POIR No. 1, question 11.

(a) - (d)

<b>Input data files:</b>	<b>Description:</b>	<b>Source and Modifications:</b>
<ol style="list-style-type: none"> <li>1. AMP 1 Grand Island</li> <li>2. AMP 2 Eau Claire</li> <li>3. AMP 3 LaCrosse</li> <li>4. AMP 4 Rochester</li> <li>5. AMP 5 Duluth</li> <li>6. AMP 6 Lafayette</li> <li>7. AMP 7 Norfolk</li> <li>8. AMP 8 Quincy</li> <li>9. AMP 9 Campton</li> <li>10. AMP 10 Owensboro</li> <li>11. AMP 11 Bloomington</li> <li>12. AMP 12 Kalamazoo</li> <li>13. AMP 13 South Florida</li> <li>14. AMP 14 Lancaster</li> </ol> <p>(USPS-N2012-1/27 and non-public library reference USPS-N2012-1/NP8)</p>	<p>These files contain the transportation portions of 14 AMP studies. These portions describe the current and proposed costs for Postal Vehicle Service ("PVS") and Highway Contract Route ("HCR") transportation.</p>	<p>Same as input data files, no modification made.</p>

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USPS-LR-N2012-1/20	Night Diff Calcs.By LDC.xls
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a. Description of input and output data files;

There are two tabs in the spreadsheet. The one entitled "TACS Data" includes a data extract drawn from the Postal Service's Time and Attendance Collection System" and shows the September, 2011 labor hours, by mail processing operation groupings (see Neri Testimony, USPS-T-4, at page 26 (Figure 10), by hour of day. This data is from all Function 1 facilities and includes clerks, mail handlers and supervisors under the MODS operations consistent with the operational groupings listed below.

The tab entitled, "PSFR Data" includes an extract from the Postal Service Financial Reporting System for mail processing facilities and shows the total mail processing wage dollars paid and hours worked for hours covered by the night differential in FY2010.

b. Definitions of variables:

On the tab entitled, "TACS Data"

SumOfHour(i)	This is the September, FY2011 TACS hours for each mail processing operation, by hour of the day.
Shape	This is the variable that defines each mail processing operational grouping. See below list describing each grouping.
Total Hrs	This is the total September, FY2011 hours for each mail processing operation
ND Hrs	This is the total September, FY2011 hours covered by the night differential for each mail processing operation.
New Tot Hours	This is also the total September, FY2011 hours for each mail processing operation.
New ND Hrs	This is the total September, FY2011 hours which would be covered by the night differential for each mail processing operation under the new operating

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plan. This is developed as discussed in witness Neri's testimony, USPS-T-4, at page 25 based on the planned operational windows – see USPS-T-4, page 22. Outgoing operations night shift hours were taken to be the same as actual. The Supervision night shift hours were adjusted proportionally with all other operations. Similarly, LDC 17 Flat Mail Prep for AFSM night shift hours was based on the share of AFSM hours for night shift.

Current % ND                      This is the ratio, by LDC, of the hours covered by the night differential to the total hours in September, FY2011

Future % ND                      This is the ratio, by LDC, of the hours that would be covered by the night differential to the total hours under the new operating plan

On the tab entitled, "PSFR Data"

PaysumLIneNumDesc	Description of pay category
Month Hours	Wage dollars recorded for mail processing operations in September 2010
Month Dollars	Hours recorded for mail processing operations in September 2010
YTD Dollars	Wage dollars recorded for mail processing operations in FY2010
YTD Hours	Hours recorded for mail processing operations in FY2010
Avg. Night Differential differential	Ratio of YTD Dollars to YTD Hours under the night differential

- c. There are two sources of data, as explained above, the Time and Attendance Collection System (TACS) and the Postal Service Financial Reporting System (PSFR). The spreadsheet presents extracts from those systems. There were no modifications of the listed variables prior to their use in the spreadsheet.
- d. PFRS data is contained in USPS-LR-N2012-1/52 and USPS-LR-N2012-1/58.



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Operational Groupings

10All	F1 Supervisors
11inp	Auto Letter Incoming Primary
11ins	Auto Letter CRT/DPS
11int	Auto Letter International
11og	Auto Letter Outgoing
12ainp	Auto Flat AFSM Incoming Primary
12ains	Auto Flat AFSM CRT
12aog	Auto Flat AFSM Outgoing
12fss	Auto Flat DPS
12inp	Auto Flat non-AFSM Incoming Primary
12ins	Auto Flat non-AFSM CRT
12int	Auto Flat International
12nc	Auto Flat Other
12og	Auto Flat non-AFSM Outgoing
13inp	Mech Package Incoming Primary
13int	Mech Package International
13nc	Mech Package Other
13og	Mech Package Outgoing
14inp	Manual Incoming Primary
14ins	Manual CRT
14int	Manual International
14OG	Manual Outgoing
15lcrem	LCREM Operations
15lmlm	LMLM Operations
15rec	REC Operations
17afsm	LDC 17 Flat Mail Prep - AFSM
17can	LDC 17 Cancellation Operations
17dock	LDC 17 Dock Related Operations
17idock	LDC 17 Inbound Dock Operations
17inp	LDC 17 Incoming Prep & Movement
17nc	LDC 17 Other
17odock	LDC 17 Outbound Dock Operations
17OG	LDC 17 Outgoing Prep
17pre	LDC 17 Presort Operations
180	LDC 18 Operations To Ignore
18All	LDC 18 All Other Operations
OtherAll	Non-Function1 Operations & F1 Training

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USPS-LR-N2012-1/23	LR23 Tables.xls
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LR23Tables.xls has the following tabs:

**Section One** titled **Table 8: Savings Due to Reduction in Outgoing**

**Secondary Sorting**

a.-d. Contains Table 8 of USPS-T-9 (also contained in Smith Testimony Tables.xls of USPS-LR-N2012-1/24) and additional supporting calculations. Input data is from the following sources. Annual Volume Reduction in Outgoing Secondary (TPH) for DBCS was FY 2010 Outgoing Secondary MODS volumes for the operations listed on this tab using data in USPS-LR-N2012-1/48. Annual Volume Reduction in Outgoing Secondary (TPH) for AFSM 100 and UFSM 1000 was obtained in two steps. First, FY 2010 Outgoing Secondary MODS volumes were obtained for the AFSM 100 and UFSM 1000 operations listed on this tab. Second, it was determined these volumes could be reduced by an average daily volume of 676,161 which is an annual volume of 204.2 million (at 302 days). This reduction is from USPS-LR-N2012-1/38 Outgoing Secondary Workload Data and also USPS-LR-N2012-1/NP5 Outgoing Secondary Workload Data (Non-Public).

Labor Savings per TPH was obtained from tab YRscrub2010 N2012-1 as discussed below. Factors for Service-wide benefits and Miscellaneous Postal Supplies and Services were obtained from Tables 1 and 2, respectively.

**Section Two** titled **Table 9: Savings Due to Eliminating CSBCS and UFSM 1000 Sortation**

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a.-d. Contains Table 9 of USPS-T-9 (also contained in Smith Testimony Tables.xls of USPS-LR-N2012-1/24) and additional supporting calculations. Input data is from the following sources. Annual Volume Eliminated for CSBCS and UFSM 1000 was a multi-step process, starting in both cases with FY 2010 volume of sorts from End of Run (EOR) data. These FY2010 volumes are reduced to reflect equipment removals taken place from mid-year FY2010 to the end of FY2011, based on data from Docket No. ACR 2010, USPS-FY10-8, spreadsheet FCILTY10.xls. and end of FY2011 EOR data on amount of CSBCS and UFSM 1000 remaining in use. Finally, the CSBCS 3-pass volumes are converted to volumes requiring DPS based on data accept rates from spreadsheet Spreadsheet "USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls" discussed below. Labor Savings per piece to be delivery point sequenced (or DPS) on DBCS instead of CSBCS was obtained from tab USPS-FY10\_FCM ..N2012-1 as discussed below. Labor Savings per TPH for UFSM 1000 was obtained from tab YRscrub2010 N2012-1 as discussed below. Factors for Service-wide benefits and Miscellaneous Postal Supplies and Services were obtained from Tables 1 and 2, respectively.

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**Section Three titled Table 10: Savings Due to Additional Automated Sorting  
of Letters**

a.-d. Contains Table 10 of USPS-T-9 (also contained in Smith Testimony Tables.xls of USPS-LR-N2012-1/24). Input data is from the following sources. Annual Volume Added to DPS was obtained from EOR volumes for August, 2011 and multiplied by 12 to get an annual volume. The change in processing labor costs per piece was obtained from tab USPS-FY10\_FCM ..N2012-1 as discussed below. Factors for Service-wide benefits and Miscellaneous Postal Supplies and Services were obtained from Tables 1 and 2, respectively. Carrier savings per piece are from tab DPS Delivery Savings as discussed below.

**Table 1 titled Table 1: FY 2010 Service Wide Benefits**

a.-d. This is Table 1 of USPS-T-9 (also contained in Smith Testimony Tables.xls of USPS-LR-N2012-1/24) and was discussed above.

**Table 2 titled Table 2: Miscellaneous Postal Supplies & Services Factor**

a.-d. This is Table 2 of USPS-T-9 (also contained in Smith Testimony Tables.xls of USPS-LR-N2012-1/24) and was discussed above.

**DPS Delivery Savings titled DPS Delivery Savings**

a.-d. Input data is from the following sources. The carrier savings due to additional DPS was based on rural carrier costs from Docket No. ACR 2010, USPS-FY10-19, Delivery costs by shape, spreadsheet USPS-FY10-19, UDCmodel10.xls, sheet 6.Rural cost. Rural carrier piggyback factor is from Docket No ACR2010, USPS-FY10-24. The 98.61 percent rate pieces who are DPS to pieces becoming DPS is from spreadsheet Spreadsheet "USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls" discussed below.

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**YRscrub2010 N2012-1 titled Inputs from YRscrub2010 N2012-1.xls**

a.-d. Input data is from the spreadsheet YRscrub2010 N2012-1.xls.

Spreadsheet "YRscrub2010 N2012-1.xls," which is also part of USPS-LR-N2012-1/23, is the spreadsheet YRscrub2010.xls from Docket no. ACR 2010, USPS-FY10-23. It has been modified to calculate the specific labor unit costs needed for tabs Sections One and Two. The labor cost per piece for Outgoing Secondary sort to be eliminated (for tab Section One) are calculated using the TPF/Hour and TPH/TPF ratio from USPS-FY10-23 along with the cost per workhour for "Other Mail Processing" from USPS –FY10-7, part 8 and the variabilities from part 1. These calculations of labor cost per piece parallel that done in USPS-FY10-10 and USPS-FY10-11. The labor costs for AFSM 100 and UFSM 1000 used to determine the savings for elimination of UFSM 1000 sorting in tab Section Two is likewise are calculated using the TPF/Hour from USPS-FY10-23 along with the cost per workhour for "Other Mail Processing" from USPS –FY10-7, part 8 and the variabilities from part 1.

**USPS-FY10\_FCM ..N2012-1 titled Inputs from USPS-FY-  
10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls**

a.-d. Input data is from the Spreadsheet "USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls," which is part of USPS-LR-N2012-1/23. USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal N2012-1.xls is simply the spreadsheet filed in Docket ACR 2010, USPS-FY10-10, USPS-FY-10\_FCM\_PRST\_LETTERS\_MPFinal.xls on December 29, 2010. – with the modification as follows. It has been modified to remove piggyback factors,

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premium pay factors. There are four blue highlighted model tabs containing the results used. They are as follows:

**AUTO 5-DIGIT OTHER COST** -- this is the labor cost for 2-pass DPS on a DBCS, including manual processing of rejects and handling costs for post office box letters. The AUTO 5-DIGIT OTHER COST tab also provides the 98.61 percent used as an input for DPS Delivery Savings tab. AUTO 5-DIGIT OTHER MODEL tab was unaltered., so the only changes made vis-à-vis the ACR 2010 model was the removal of piggyback and premium pay factors.

**Auto 5-digit CSBCS-Man Cost** – this is the labor cost for automated incoming secondary on a DBCS, including manual processing of rejects and handling costs for post office box letters. The Auto 5-digit CSBCS-Man Model was revised to eliminate the 3 pass DPS on the CSBCS.

**Auto 5-digit CSBCS-Man Cost (3)** --- this is the labor costs for Auto incoming secondary and DPS on CSBCS, including manual processing of rejects and handling costs for post office box letters. Auto 5-digit CSBCS-Man Model (3) is a modified Auto 5-digit CSBCS-Man Model – so that all volumes receive DPS via CSBCS.

**Auto 5-digit CSBCS-Man Cost (2)** -- this is the labor costs for manual incoming secondary and handling costs for post office box letters. Auto 5-digit CSBCS-Man Model (2) is a modified Auto 5-digit CSBCS-Man Model – so that all pieces receive manual incoming secondary.

Accept Rates for the DPS with 3 passes is directly from tab Accept, without any modification.

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USPS-LR-N2012-1/24	Smith Testimony Attachments.xls
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Smith Testimony Attachments.xls has following tabs:

**Attachment 1** titled **Productive Hourly Rates for FY 2010 by Cost Segment**

a-d. Source: Docket No. ACR2010, USPS-FY10-7, part8.xls. This has been provided in past ACRs (and in Omnibus Rate Cases) to provide cost per work hour by cost segment and in some cases sub-segment. See also Docket No. ACR2009, USPS-FY09-7, part8.xls, which is further documented by Response of U.S. Postal Service to Chairman's Information Request No. 3, Question 20. (Feb 5, 2010). The final column "Productive Hourly Rate" is used by witness Bradley, USPS-T-10.

**Attachment 2** titled **Productive Hourly Rates for FY2010 for Maintenance and Custodial**

a-d. The source is the same as for Attachment 1, including additional detail from the National Consolidated Trial Balance and the National Payroll Hours Summary Report. The methods used were the same or similar to that as provided in Docket No. N2010-1, Response to Chairman's Information Request No. 1, Question 4, filed April 28, 2010. The "Average Annual Rate" is used to calculate maintenance and custodial savings in Table 3 and 5 of witness Smith's testimony, USPS-T-9.

The calculation of "Ratio of Supervision to Staff Work Years in Maintenance and Custodial Workyears" is as shown in the spreadsheet. The ratio of 0.080372 supervisor work years per maintenance and custodial staff

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work year is used to compute the reduction in the number of supervisor positions in Tables 3 and 5.

**Attachment 3 titled Labor And Non-Personnel Costs For Processing Facilities**

a.-d. The input for this attachment is the National Consolidated Trial Balance FY2010 costs for the mail processing facilities that are the focus of the network analysis, using costs by finance number. This data is provided in USPS-LR-N2012-1/58. The portion of the data from this library reference used for Attachment 3 includes all Function 1 processing facilities (see USPS-LR-N2012-1/34), excluding NDCs, ISCs and RECs. All costs associated with these finance numbers are included in Attachment 3 except for cost segment 14, Purchased Transportation. These costs were aggregated for all these facilities, by expense account number. Then these costs are aggregated to Trial Balance component totals show in Attachment 3. The aggregation process is the same as that applied to the General Ledger to get the Trial Balance costs (See Docket No. ACR 2010, USPS-FY10-5). For instance in the case of cost segment 3, the Trial Balance contains one CRA component, component 253. Attachment 3 shows the cost for this component of \$7,788.3 million, which is total clerk and mail handler costs for these facilities.

The outputs are used in Table 2 of USPS-T-9, directly from Attachment 3 as discussed below for spreadsheet "Smith Testimony Tables," tab Table 2. While Attachment 3 shows these costs in aggregate for all network processing facilities, we also obtained these costs separately for Active and Inactive facilities for use in developing costs in Table 6 of USPS-T-9.



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USPS-LR-N2012-1/24	Smith Testimony Tables.xls
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Smith Testimony Tables.xls—has the following tabs:

**Table 1** titled **FY 2010 Service Wide Benefits**

a.-d. Input data from Docket No. ACR 2010, USPS-FY10-31, Total Accrued

Costs for following cost components and sources (from tab CS18, unless otherwise noted).

Component Name	Component No.	Source
Repriced Annual Leave	292	FY10.CRpt.xls
Holiday Leave Adjustment	487	FY10.CRpt.xls
Workers Compensation Current Year	204	FY10.ARpt.xls
Unemployment Compensation	453	FY10.CRpt.xls
Annuitant Health Benefits–Earned (Current)	202*	FY10.BRpt.xls
Civil Service Retirement System (CSRS)–Earned	202*	FY10.BRpt.xls
Annuitant Life Insurance	71	FY10.CRpt.xls
Total Service-Wide Benefits		Sum of above
Total Salary and Benefits	433 (cell GU436)	FY10.B.xls, tab OutputMatrix

\*Component 202 is \$4.095 billion. This is the amount of benefits earned during the fiscal year by current employees, benefits not contained in the labor cost segments of 1-13, 16, 18, and 19. It includes both the retiree health benefits of \$3.055 billion (see Postal Service's 10-K Annual Report, page 22) and CSRS pensions of \$1,040,064,152. The sum of these two benefits is \$4,095,064,152. This is described in "Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2010," filed with the Postal Regulatory Commission on July 1, 2011.

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The output associated with this table is the Service-Wide Benefits per \$1,000 of Salary & Benefits of \$111.54. This is used to compute the service-wide benefits savings associated with the personnel savings in Tables 3, 5, 8-9 and 10 of witness Smith, USPS-T-9 and also at pages 28 and 35 (Table 13) of witness Bradley, USPS-T-10.

**Table 2 titled Miscellaneous Postal Supplies & Services Factor**

a.-d. Input data is from Attachment 3 as follows. Miscellaneous Postal Supplies and Services is from cost segment 16, component 177, Total postal supplies & services. 'Total Current Network Labor costs (comp 527) is the sum of the Postal Service personnel costs for cost segments 1-12. The output associated with this table is the Miscellaneous Supplies and Services per \$1,000 of Salary & Benefits of \$7.81. This is used to compute the Miscellaneous Supplies and Services savings associated with personnel savings in Tables 4, 6, 8-9 and 10 of witness Smith, USPS-T-9 and also at pages 28 and 35 (Table 13) of witness Bradley, USPS-T-10.

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**Table 3 titled Mail Processing Equipment Maintenance Labor Savings**

a.-d. Input data is from the following sources. Change in Authorized Positions for Postal Operating Equipment and Administrative labor are from witness Bratta, USPS-T-5, Part IVA and USPS-LR-N2012-1/31. While witness Bratta does not provide an estimate of changes in the number of supervisor positions, he indicates that he would expect a decline, consistent with the current supervision to staff ratios. Attachment 2 provides the current ratio of supervisors to staff of 0.08037, which is used to calculate reduction in the number of supervisors. Average Annual Rate, which is the average annual salary and benefits for each labor type is from Attachment 2. Service-wide benefits are computed based on the factors from Table 1.

**Table 4 titled Mail Processing Equipment Parts and Supplies Savings**

a.-d. Input data is from the following sources. Decline in annual spare parts costs is from witness Bratta, USPS-T-5, Part IVA and USPS-LR-N2012-1/33. The decline in Biohazard Detection System (BDS) cartridge costs is calculated as the product of the FY2010 BDS cartridge expense of \$32.0 million (see Docket No. ACR 2010, USPS-T-8, fy10equip.xls) and 36 percent. The latter is based on witness Rosenberg, USPS-T-3, Part IV, determination of reduced requirements for Advanced Facer Canceler Systems (AFCS). As a result, there will be a reduced need for BDS cartridges, going from 520 currently to 335, a 36 percent reduction as shown in witness Smith's response to PR/USPS-T9-2, filed on January 4, 2012. Finally, the third component is the decline in miscellaneous postal supplies and services associated with the reduction of \$341.8 million

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(labor savings excluding service wide benefits) in maintenance personnel costs shown in Table 3. Miscellaneous postal supplies and costs decline with this personnel cost reduction at \$7.81 per \$1,000 of salary and benefits is from Table 2.

**Table 5 titled Facility Maintenance and Custodial Labor Savings**

a.-d. Input data is from the following sources. Change in Authorized Positions for Building Maintenance and Custodial Maintenance labor are from witness Bratta, USPS-T-5, Part IV and USPS-LR-N2012-1/31. While witness Bratta does not provide an estimate of changes in the number of supervisor positions, he indicates that he would expect a decline, consistent with the current supervision to staff ratios. Attachment 2 provides the current ratio of supervisors to staff of 0.08037, which is used to calculate reduction in the number of supervisors. Average Annual Rate, which is the average annual salary and benefits for each labor type is from Attachment 2. Service-wide benefits are computed based on the factors from Table 1.

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**Table 6** titled **Facility-Related Utilities and Supplies Savings**

a.-d. Input data is from the following sources. Expenses for Inactive sites are based on the data used for Attachment 3, for the inactive sites (or facilities (facilities listed in USPS-LR-N2012-1/34 denoted by "N" in the column "Model Open.")). This is contained in USPS-LR-N2012-1/58. (Attachment 3 contains expenses for Active and Inactive facilities combined for Utilities and Heating Fuel [\$220.8 million] and Custodial Supplies and Services [\$91.9 million]). The percent of inactive site savings, 95 percent, is based on witness Bratta determination that, apart from the need to provide for the 5 percent of space utilized for non-processing purposes, all non-personnel facility related expenses can be saved. See witness Bratta, USPS-T-5, part IV.B. Finally, the third component is the decline in miscellaneous postal supplies and services associated with the reduction of \$208.3 million (labor savings excluding service wide benefits) in maintenance personnel costs shown in Table 5. Miscellaneous postal supplies and costs decline with this personnel cost reduction at \$7.81 per \$1,000 of salary and benefits is from Table 2.

**Table 7** titled **Facility Lease and Sale Related Savings**

a.-d. Input data is from the following sources. Potential Annual Earnings from Facility Sales Proceeds is based on earning a 10 annual return on \$327 million sale proceeds. The latter estimate was provided by Facilities. Potential Rent Savings was provided by Facilities. See USPS-T-9, pages 19-20.

**Table 8** titled **Savings Due to Reduction in Outgoing Secondary Sorting**

a.-d. See USPS-LR-N2012-1/23, tab Section One

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**Table 9** titled **Savings Due to Eliminating CSBCS and UFSM 1000 Sortation**

a.-d. See USPS-LR-N2012-1/23, tab Section Two

**Table 10** titled **Savings Due to Additional Automated Sorting of Letters**

a.-d. See USPS-LR-N2012-1/23, tab Section Three

**Table 11** titled **Summary of Cost Savings Provided in this Testimony**

a.-d. Inputs: The tabs for Tables 3 to 10 provide inputs.

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USPS-LR-N2012-1/31	eMARS_WHEP_Staffing Changes Final_AM_v5.xlsx
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[response forthcoming]

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USPS-LR-N2012-1/33	Copy of FY11_Parts_Network Consolidation Analysis.xls
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[response forthcoming]